GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:5036
ANSWERED ON:26.04.2002
LIFTING OF LOCK IN PERIOD FOR IMMOVABLE PROPERTIES
KAMBALAPADU E. KRISHNAMURTHY

Will the Minister of FINANCE be pleased to state:

(a) whether the Government have lifted the lock-in period for repatriation of sale proceeds of immovable properties purchased in India;

(b) if so, the details thereof; and

(c) the time by which the lifting will come into force?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) to (c):In terms of Regulation 6 of RBI`s Notification No.21/2000/RB dated May 3, 2000, NRIs and PIOs have been permitted t repatriate sale proceeds of immovable property subject to certain conditions, inter-alia, that the property is sold after 3 years from the date of acquisition or from the date of payment of final instalment whichever is later. As a result NRIs/PIOs who have entered into contracts to purchase properties in India are unable to take back their money unless they have paid full amount of purchase. In the circumstances even in the cases where construction work is not progressing satisfactorily or for some compelling reasons the buyer has to cancel the contract, the funds brought in by the NRIs are blocked in India. In order to mitigate the difficulties faced by NRIs/PIOs Reserve Bank has decided henceforth to allow repatriation of sale proceeds or amount received on account of cancellation of purchase contracts, subject to the condition that the amount does not exceed amount paid for acquisition of the property in foreign exchange brought through Banking Channel, or the amount realized whichever is lesser.